

## Memphis Renewal Community Application for Commercial Revitalization Deduction

**The Commercial Revitalization Deduction (CRD) is a federal tax incentive available for commercial or business property only.** This incentive allows the taxpayer to take an accelerated deduction of qualifying building and rehabilitation expenses. Generally, residential properties are not eligible unless the property is a mixed use. The deduction is available to buildings placed in service after January 1, 2002 and before January 1, 2010. Allocations may be awarded in advance of project completion, but no later than the year that the building is placed into service.

**Please consult IRS Publication 954 – “Commercial Revitalization Deduction” to determine if the project expenses are eligible for this deduction.** (On-line version available at [www.memphistn.gov/rc](http://www.memphistn.gov/rc). Applicants may also want to contact a tax professional or the IRS office for assistance.)

**To qualify for this accelerated deduction on federal taxes, approval must be granted by local and state regulatory agencies.** This is the official application form for approval by the local authority. In Memphis, the local authority will also process necessary regulatory approvals from the State of Tennessee.

Each year, from January 1, 2002 through December 31, 2009, the City of Memphis and the Renewal Community Coordinating Responsible Authority Advisory Board will allocate a total of \$12 million in deductions to commercial building projects located in the Memphis Renewal Community.

### **CRD Allocation Criteria**

The City of Memphis will give priority consideration to projects based on

- (i) the degree to which a project contributes to the implementation of the Renewal Community strategic plan,
- (ii) the amount of any increase in permanent, fulltime employment by reason of any project, and
- (iii) the active involvement of residents and nonprofit groups within the renewal community, and

The City of Memphis will also use the following guiding principles as supplementary considerations to CRD applications:

#### Location:

In order to stimulate additional growth in areas of the City with extraordinary revitalization challenges or in areas consistent with special plans of the City for revitalization, preference may be given to an application for projects in areas of the City that have been traditionally under-served.

#### Ownership:

Preference may be given to owner-occupied projects, projects owned by a resident of the Renewal Community or projects that create a 'headquarters' for a national or international corporation seeking to locate within the Renewal Community.

#### Above Average Wages:

Preference may be given to projects that creates jobs with an overall average wage rate that exceeds local market rates (calculated as an average by SIC or other industry code by each profession).

#### Targeted Industry/Purposes:

Preference may be given to projects related to certain types of industries, businesses, sectors or uses when consistent with the City's overall economic development strategy and any targeted industries for the Renewal Community.

#### Special Award:

This criteria is to be determined by the City based on overall vision, direction and development efforts; the criteria is to be reviewed and revised, if necessary, annually and can give consideration such aspects as: environmentally-friendly industry (end use), environmentally engineered or constructed project, artistic or design excellence, etc.

**Applications for 200- will be accepted through 8YWa VYf (ž&\$\$. Completed applications should be submitted to:**

Memphis Renewal Community  
125 North Main Street, Room 336  
Memphis, TN 38103

**The application must be completed and signed by the taxpayer. Supporting documentation must be submitted with the application. The fee to be remitted upon submission of an application for a Commercial Revitalization Deduction is one-half of one percent of the total commercial revitalization request.** Such fee, minus a \$50.00 handling charge, will be refunded if the applicant does not meet the minimum requirements for application. The minimum requirements will be deemed to be met if the application meets the definitions for both a 'Qualified Revitalization Building' and a 'Qualified Revitalization Expenditure' as defined under IRS Code Section 1400I(b). Make check payable to Treasurer, City of Memphis.

For questions about this application contact Virginia B. Wilson at 901-636-6457. For additional resources about the Memphis Renewal Community program, visit [www.memphistn.gov/rc](http://www.memphistn.gov/rc) or <http://www.hud.gov/offices/cpd/economicdevelopment/programs/rc/index.cfm>

## **APPLICATION CHECKLIST**

**The following items must be submitted:**

- \_\_\_ Completed Application
- \_\_\_ Application Fee
- \_\_\_ Photos of Project Site
- \_\_\_ Architectural Renderings/Project Blueprints (if requesting advance allocation)
- \_\_\_ Copy of Property Title
- \_\_\_ Proof of Current Property Tax Payment
- \_\_\_ Letters from Funding Sources or Letter(s) of Verification of Sufficient Financial Assets for Project

# Memphis Renewal Community Application for Commercial Revitalization Deduction

## A. APPLICANT/OWNERSHIP ENTITY

Name and Address of Ownership Entity Applying for Credit *(This is the entity to whom allocation may be awarded):*

Company Name: \_\_\_\_\_

Street Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Telephone: (    ) \_\_\_\_\_ Fax: (    ) \_\_\_\_\_

E-mail: \_\_\_\_\_

Name of Contact \_\_\_\_\_ Title: \_\_\_\_\_

Type of Ownership Entity: Limited Partnership \_\_\_\_ General Partnership \_\_\_\_ Limited Liability Partnership \_\_\_\_ Limited Liability Corporation \_\_\_\_

S Corporation \_\_\_\_ Federal Tax ID Number: \_\_\_\_\_ Single Proprietor (SS #) \_\_\_\_\_

Industry of Applicant \_\_\_\_\_ New to Memphis? ( Y / N ) New to Shelby County? ( Y / N )

## B. PROJECT INFORMATION

Address: \_\_\_\_\_ Zip Code: \_\_\_\_\_ Census Tract: \_\_\_\_\_

Describe Project for CRD Consideration:

Intended End Use: Commercial \_\_\_\_\_ Industrial \_\_\_\_\_ Mixed Use \_\_\_\_\_

If Mixed Use, please indicate the percentage of rental income from commercial \_\_\_\_\_ residential \_\_\_\_\_

Type of Construction: New \_\_\_\_\_ Substantially Rehabilitated<sup>1</sup> \_\_\_\_\_ Square Footage: \_\_\_\_\_

Date of Purchase: \_\_\_\_\_ Project Start Date: \_\_\_\_\_

Project End Date: \_\_\_\_\_ Date of Occupancy: \_\_\_\_\_

(if requesting an advance allocation, please indicate expected end and occupancy dates)

<sup>1</sup> Refer to IRS Code Section 47(C)(1)(C): a building shall be treated as having been substantially rehabilitated only if the qualified rehabilitation expenditures during the 24-month period selected by the taxpayer...and ending with or within the taxable year exceed the greater of the adjusted basis of such building (and its structural components), or \$5,000. The adjusted basis of the building (and its structural components) shall be determined as of the beginning of the 1st day of such 24-month period, or of the holding period of the building, whichever is later.

## C. PROJECT BUDGET AND FUNDING

### Acquisition Costs

(Can be included in CRD request only under certain circumstances. \*<sup>2</sup>)

a. Land \_\_\_\_\_

b. Building \_\_\_\_\_

c. TOTAL (a+b) \_\_\_\_\_

Project Improvements	Labor	Materials	Total
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d. Professional (architect, engineering, developer, etc.)	_____	_____	_____
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e. Site Prep (Demolition, excavation, grading, etc.)	_____	_____	_____
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f. Structural (framing, windows/doors, masonry, roofing, etc.)	_____	_____	_____
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g. Mechanical/Electric	_____	_____	_____
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h. Plumbing/HVAC	_____	_____	_____
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#### Other (specify)

i. _____	_____	_____	_____
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j. _____	_____	_____	_____
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k. _____	_____	_____	_____
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l. _____	_____	_____	_____
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m. _____	_____	_____	_____
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n. TOTAL (e-n)	_____	_____	_____
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GRAND TOTAL (c+n) \$ \_\_\_\_\_

TOTAL ALLOCATION REQUESTED: \$ \_\_\_\_\_

Commercial Revitalization Deduction Fee \$ \_\_\_\_\_<sup>3</sup>

Expected Method of Deduction (check one) : 50% 1<sup>st</sup> Yr \_\_\_\_\_ 10% over 10 Years \_\_\_\_\_

<sup>2</sup> \*A taxpayer can include the cost of the building acquisition in taking a CRD, but only to the extent that the acquisition cost does not exceed 30 percent of the aggregate qualifying CREs (determined without regard to the acquisition cost). For example, if the building cost \$500,000 to acquire and renovations eligible for CREs were \$1 million, up to \$300,000 of the acquisition cost could qualify as a CRE.

<sup>3</sup> The fee to be remitted upon submission of an application for a Commercial Revitalization Deduction is one-half of one percent of the total commercial revitalization request.

**D. EMPLOYMENT INFORMATION FOR PROJECT:**

Amount of new permanent, full-time employees by reason of the project (non construction): \_\_\_\_\_

Amount of new permanent, part-time employees by reason of the project (non construction): \_\_\_\_\_

Estimated hourly wage for new jobs (including benefits): Full-time \_\_\_\_\_ Part-time \_\_\_\_\_

Please outline your organization's plan for hiring residents of the Memphis Renewal Community:

**E. COMMUNITY INVOLVEMENT IN PROJECT DEVELOPMENT:**

Please submit a written explanation of how the community - both residents and community-based organizations - are involved in the development and implementation of the project.

**F. Bonus Point Explanation for Additional Economic or Business Development Considerations (Optional)**

From time to time, certain business expansion or recruitment initiatives may create value added opportunities for the Memphis Renewal Community and the City, in addition to the criteria already defined for CRD allocation. This award may also be determined by the Authority based on overall vision, direction, development efforts and the project's intended goals. The merit of any bonus points will be considered on a case by case basis by the Renewal Community Coordinating Responsible Authority Advisory Board. Please submit a written explanation of any additional economic or business benefits expected to result from a proposed project.

## E. CONTRACTOR DATA AND PROJECT TIMELINE

	<u>Company Name</u>	<u>Primary Contact</u>	<u>Phone(s)</u>	<u>City/State</u>
Developer				
Architect				
Engineering				
General Contractor				
Electrical				
Plumbing				
Others				

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The information contained in this application and attachments for Commercial Revitalization Deductions is true and accurate, to the best of my knowledge. Should it be required, the City of Memphis has the permission to run a credit check on the Applicant and Related Companies.

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Authorized Signature for Applicant

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Title

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Date

### For Internal Use Only:

Date Received:\_\_\_\_\_ Internal Review Completed:\_\_\_\_\_ Authority Action:\_\_\_\_\_

Transmittal to State:\_\_\_\_\_ State Action:\_\_\_\_\_ Notification of Applicant:\_\_\_\_\_